



House of Representatives

General Assembly

File No. 185

February Session, 2008

Substitute House Bill No. 5525

House of Representatives, March 26, 2008

The Committee on Insurance and Real Estate reported through REP. O'CONNOR of the 35th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT AMENDING THE EFFECTIVE DATE OF HEALTH INSURANCE FOR CHILDREN.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-497 of the 2008 supplement to the general
2 statutes, as amended by section 16 of public act 07-185 and section 64
3 of public act 07-2 of the June special session, is repealed and the
4 following is substituted in lieu thereof (*Effective July 1, 2008*):

5 Every individual health insurance policy providing coverage of the
6 type specified in subdivisions (1), (2), (4), (6), (10), (11) and (12) of
7 section 38a-469 delivered, issued for delivery, amended or renewed in
8 this state on or after [January 1, 2009] July 1, 2008, shall provide that
9 coverage of a child shall terminate no earlier than the policy
10 anniversary date on or after whichever of the following occurs first, the
11 date on which the child marries, or attains the age of twenty-six as
12 long as the child is a resident of the state except for full-time
13 attendance at an out-of-state accredited institution of higher education

14 or resides out of state with a custodial parent pursuant to a child
15 custody determination, as defined in section 46b-115a.

16 Sec. 2. Section 38a-554 of the 2008 supplement to the general
17 statutes, as amended by section 17 of public act 07-185 and section 65
18 of public act 07-2 of the June special session, is repealed and the
19 following is substituted in lieu thereof (*Effective July 1, 2008*):

20 (a) [The] Not later than July 1, 2008, the plan shall be one under
21 which the individuals eligible to be covered include: (1) Each eligible
22 employee; (2) the spouse of each eligible employee, who shall be
23 considered a dependent for the purposes of this section; and (3)
24 unmarried children residing in the state, who are under twenty-six
25 years of age.

26 (b) The plan shall provide the option to continue coverage under
27 each of the following circumstances until the individual is eligible for
28 other group insurance, except as provided in subdivisions (3) and (4)
29 of this subsection: (1) Notwithstanding any provision of this section,
30 upon layoff, reduction of hours, leave of absence, or termination of
31 employment, other than as a result of death of the employee or as a
32 result of such employee's "gross misconduct" as that term is used in 29
33 USC 1163(2), continuation of coverage for such employee and such
34 employee's covered dependents for the periods set forth for such event
35 under federal extension requirements established by the federal
36 Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272),
37 as amended from time to time, (COBRA), except that if such reduction
38 of hours, leave of absence or termination of employment results from
39 an employee's eligibility to receive Social Security income,
40 continuation of coverage for such employee and such employee's
41 covered dependents until midnight of the day preceding such person's
42 eligibility for benefits under Title XVIII of the Social Security Act; (2)
43 upon the death of the employee, continuation of coverage for the
44 covered dependents of such employee for the periods set forth for such
45 event under federal extension requirements established by the
46 Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272),

47 as amended from time to time, (COBRA); (3) regardless of the
48 employee's or dependent's eligibility for other group insurance, during
49 an employee's absence due to illness or injury, continuation of
50 coverage for such employee and such employee's covered dependents
51 during continuance of such illness or injury or for up to twelve months
52 from the beginning of such absence; (4) regardless of an individual's
53 eligibility for other group insurance, upon termination of the group
54 plan, coverage for covered individuals who were totally disabled on
55 the date of termination shall be continued without premium payment
56 during the continuance of such disability for a period of twelve
57 calendar months following the calendar month in which the plan was
58 terminated, provided claim is submitted for coverage within one year
59 of the termination of the plan; (5) the coverage of any covered
60 individual shall terminate: (A) As to a child, the plan shall provide the
61 option for said child to continue coverage for the longer of the
62 following periods: (i) At the end of the month following the month in
63 which the child marries, or attains the age of twenty-six, provided the
64 child is a resident of the state except for full-time attendance at an out-
65 of-state accredited institution of higher education or resides out of
66 state with a custodial parent pursuant to a child custody
67 determination, as defined in section 46b-115a. If on the date specified
68 for termination of coverage on a child, the child is unmarried and
69 incapable of self-sustaining employment by reason of mental or
70 physical handicap and chiefly dependent upon the employee for
71 support and maintenance, the coverage on such child shall continue
72 while the plan remains in force and the child remains in such
73 condition, provided proof of such handicap is received by the carrier
74 within thirty-one days of the date on which the child's coverage would
75 have terminated in the absence of such incapacity. The carrier may
76 require subsequent proof of the child's continued incapacity and
77 dependency but not more often than once a year thereafter, or (ii) for
78 the periods set forth for such child under federal extension
79 requirements established by the Consolidated Omnibus Budget
80 Reconciliation Act of 1985 (P.L. 99-272), as amended from time to time,
81 (COBRA); (B) as to the employee's spouse, at the end of the month

82 following the month in which a divorce, court-ordered annulment or
83 legal separation is obtained, whichever is earlier, except that the plan
84 shall provide the option for said spouse to continue coverage for the
85 periods set forth for such events under federal extension requirements
86 established by the Consolidated Omnibus Budget Reconciliation Act of
87 1985 (P.L. 99-272), as amended from time to time, (COBRA); and (C) as
88 to the employee or dependent who is sixty-five years of age or older,
89 as of midnight of the day preceding such person's eligibility for
90 benefits under Title XVIII of the federal Social Security Act; (6) as to
91 any other event listed as a "qualifying event" in 29 USC 1163, as
92 amended from time to time, continuation of coverage for such periods
93 set forth for such event in 29 USC 1162, as amended from time to time,
94 provided such plan may require the individual whose coverage is to be
95 continued to pay up to the percentage of the applicable premium as
96 specified for such event in 29 USC 1162, as amended from time to time.
97 Any continuation of coverage required by this section except
98 subdivision (4) or (6) of this subsection may be subject to the
99 requirement, on the part of the individual whose coverage is to be
100 continued, that such individual contribute that portion of the premium
101 the individual would have been required to contribute had the
102 employee remained an active covered employee, except that the
103 individual may be required to pay up to one hundred two per cent of
104 the entire premium at the group rate if coverage is continued in
105 accordance with subdivision (1), (2) or (5) of this subsection. The
106 employer shall not be legally obligated by sections 38a-505, 38a-546
107 and 38a-551 to 38a-559, inclusive, to pay such premium if not paid
108 timely by the employee.

109 Sec. 3. (*Effective July 1, 2008*) Sections 16 and 17 of public act 07-185
110 and sections 64 and 65 of public act 07-2 of the June special session
111 shall take effect July 1, 2008.

112 Sec. 4. (*Effective July 1, 2008*) Section 69 of public act 07-2 of the June
113 special session is repealed.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2008</i>	38a-497
Sec. 2	<i>July 1, 2008</i>	38a-554
Sec. 3	<i>July 1, 2008</i>	New section
Sec. 4	<i>July 1, 2008</i>	Repealer section

Statement of Legislative Commissioners:

The introductory language of section 1 and section 2 were changed for accuracy; section 3 and section 4 were added for accuracy and to accomplish the intent of the committee.

INS *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 09 \$
State Comptroller – state health service cost accounts	Various - Cost	4,000,000

Municipal Impact:

Municipalities	Effect	FY 09 \$
Various Municipalities	Cost	Indeterminate

Explanation

PA 07-2, JSS amended PA 07-185 concerning coverage of adult children up to age 26 under their parent's health insurance to align the policy with the funding provided in the budget. The biennial budget 2007-2009 appropriates \$4 million in the health service cost account administered by the Comptroller for FY 09 to implement this policy effective January 1, 2009. The bill, by requiring the mandated coverage on July 1, 2008, will increase the cost of the state plan by approximately \$4 million. No funding has been provided in the Governor's Recommended Midterm Adjustment for this change in effective date.

To the extent that some fully insured municipal health insurance plans will be required to provide expanded coverage six months earlier, there will be increased costs to provide it.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 5525*****AN ACT AMENDING THE EFFECTIVE DATE OF HEALTH INSURANCE FOR CHILDREN.*****SUMMARY:**

This bill moves up the date after which private health insurance policies must incorporate a change enacted in 2007 regarding when a child loses eligibility under a parent's private health insurance policy. Instead of the change being effective January 1, 2009, this bill makes it effective July 1, 2008.

EFFECTIVE DATE: July 1, 2008

BACKGROUND***Health Insurance for Children***

The legislature revised the private health insurance coverage requirements for children in 2007 (*See*, PA 07-185, §§ 15-17, as amended by PA 07-2, JSS, §§ 64, 65, and 69).

Under the 2007 Acts

The 2007 acts revised the criteria for determining when a child loses health insurance coverage under a private policy. They also made the change effective January 1, 2009.

Under an individual policy, the 2007 acts require that a child's health insurance coverage continue at least until the policy anniversary date on or after the date the child marries or turns age 26, whichever occurs first.

The acts require group comprehensive health care plans to (1) extend coverage eligibility to unmarried children living in Connecticut who are under age 26 and (2) provide the option for a child to continue

coverage to the end of the month following the month in which the child marries or turns age 26.

For individual policies and continued coverage under a group comprehensive plan, the acts require a child to live in Connecticut or, if residing out-of state, to do so (1) as a full-time student at an accredited school of higher education or (2) with a custodial parent pursuant to a child custody determination.

The acts eliminate the requirement that the child be dependent on the policyholder or covered employee.

Current Law

Until the 2007 changes take effect, a child's coverage under an individual policy is prohibited from ending before the policy anniversary date on or after whichever of the following occurs first: the date the child (1) marries; (2) is no longer dependent on the policyholder; or (3) turns age 19 or, if a full-time student in an accredited school of higher education, age 23.

Group comprehensive plans must extend eligibility to each eligible employee's dependent, unmarried children who are under age 19, or, for full-time students at accredited schools of higher education, under age 23.

It also requires the plan to offer a child the option to continue coverage until the end of the month following the month in which the child (1) marries, (2) ceases to be dependent on the employee, or (3) turns age 19, whichever occurs first, except that if the child is a full-time student at an accredited school of higher education, the coverage may be continued while the child remains unmarried and a full-time student, but not beyond the month following the month in which the child turns age 23.

Related Bill

The Insurance and Real Estate Committee reported out sSB 5158, §§ 8 and 9 of which change the criteria for when a child is no longer

eligible for coverage under a health insurance policy.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 18 Nay 0 (03/06/2008)